

Message Text

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45

ACTION ARA-20

INFO OCT-01 ADP-00 EB-11 COME-00 TRSE-00 SCEM-02 OMB-01

AID-20 IGA-02 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-15 PRS-01 SS-15 L-03 H-03 OPIC-12 RSR-01

/121 W

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R 201400Z AUG 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 5032

INFO AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 3105

E.O. 11652: GDS

TAGS: BDIS, ENRG, PINT, HO

SUBJ: TEXACO AND PRICE INCREASE PROBLEM

REF: TEGUCIGALPA 3065; TEGUCIGALPA 2926

1. TEXACO OFFICIALS JAMES KINNEAR (SENIOR VP), CAL MINOR (VP), WALLACE MCDONALD (LOCAL MANAGER), AND RONALD MILLAR (LOCAL REFINERY MANAGER) MET WITH MINECON BENNATON AND OTHER MINISTRY OFFICIALS MORNING AUG. 17. TEXACO GROUP LATER ATTENDED LUNCH AT AMBASSADOR'S RESIDENCE AND DESCRIBED MEETING AS "EXCELLENT."

2. KINNEAR STATED THAT HE HAD GIVEN BENNATON A FAIRLY COMPLETE RUN-DOWN OF THE WORLD PETROLEUM SITUATION AND HAD FOUND THE MINISTER ALREADY WELL-INFORMED AND RECEPTIVE. KINNEAR SAID TEXACO DID NOT WISH TO FORCE A CONFRONTATION WITH THE GOH AND ADDED THAT TEXACO REALIZED THE REAL POLITICAL PROBLEMS FACING THE GOH IN RAISING PETROLEUM
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PRICES. KINNEAR SAID HE HAD TOLD BENNATON THAT THE GOH

WOULD NOT BE ABLE TO GET CRUDE AND PROCESS IT ANY CHEAPER THAN TEXACO IS NOW PROVIDING TO HONDURAS. KINNAR EXPRESSED OPINION TO EMBOFFS THAT BENNATON'S RECENT VISIT TO VENEZUELA HAD CONFIRMED TO HIM THE FACT THAT THE GOH COULD NOT DO ANY BETTER COSTWISE THAN TEXACO.

3. KINNAR ADDED THAT THE GOH WILL CONTINUE ITS STUDY OF THE PROBLEM FOR TWO MORE WEEKS AND THAT HE WILL RETURN TO HONDURAS TO MEET WITH BENNATON ON SEPT. 4. HE SAID BENNATON HAD ASKED IF HE WOULD BE WILLING TO PREPARE AN INTERVIEW TO BE RELEASED TO THE PRESS HELPING TO EXPLAIN THE INTERNATIONAL PETROLEUM SITUATION AND ITS IMPLICATIONS FOR HONDURAS. KINNAR EXPRESSED WILLINGNESS TO WORK UP SUCH A PRESS RELEASE.

4. COMMENT: THE TEXACO OFFICIALS OBVIOUSLY EXPECT THE SEPT. 4 MEETING TO BE AS LEAST THE BEGINNING OF SPECIFIC DETERMINATIONS OF PRICE INCREASES, AND, AS THINGS HAVE DEVELOPED UP TO THIS POINT, IT IS DIFFICULT TO SEE HOW THE GOH CAN AVOID GETTING TO BRASS TACKS ON SEPT. 4. SANCHEZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MEETINGS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TEGUCI03105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SANCHEZ
Errors: N/A
Film Number: n/a
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730826/aaaaated.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: TEGUCIGALPA 3065; TEGUCIGALPA 2926
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinml>; APPROVED <11 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXACO AND PRICE INCREASE PROBLEM
TAGS: BDIS, ENRG, PINT, HO, TEXACO OIL CO, (KINNAR, JAMES)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005